

UCIDA

Ulster County Industrial Development Agency

Internal Control Assessment as of 12/31/11

A. Define Major Business Functions

- Issue Bonds
- Grant Tax Incentives
- Real Estate Development
- Financial Operations
- Administration

B. Determine the Risks Associated with Operations

Assess Risk Exposure

- | | |
|---------------------------|------------------|
| ➤ Issue Bonds | Moderate to High |
| ➤ Grant Tax Incentives | Moderate to High |
| ➤ Real Estate Development | High |
| ➤ Financial Operations | Moderate to High |
| ➤ Administration | Low |

Risks

- Improper influence of projects or taxing jurisdictions on UCIDA
- Improper influence of UCIDA on projects or taxing jurisdictions
- Conflicts of Interest
- Inappropriately deviated PILOTS
- Project does not accomplish its goals
- Fraud in financial operations

C. Internal Control Systems in Place

- Mission Statement
- By-Laws
- Policies
- Procedures
- Contract with UCDC

D. Assessment of the Effectiveness of Internal Controls

- CEO's review of CFO and Administrative functions
- Audit Committee Meetings
- Governance Committee Meetings
- Annual Reports
- External Audit

E. Corrective Action

- Actions are developed when weaknesses are identified
- Actions are adopted by the board and monitored by management